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Wealthy Have a Long-Term View on Investing

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In a top-ten ranking of favorite ways to invest their money, Tiger 21's members made traditional equity-related platforms their top choice, with 33% of investors picking that method of investing. In a more detailed breakdown, Tiger 21 found that 26% of respondents liked mutual funds; 23% said they liked to invest directly in individual stocks, and 23% said they preferred managed accounts. Incidentally, Berkshire Hathaway [BRK] was mentioned most frequently as a favorite individual stock.

The New York City-based group polled its 140 members for the study in April, according to a spokesman. The Tiger 21 membership manages more than \$10 billion in investable assets collectively. Members frequently meet to educate each other and discuss investment strategies. "We thought we would be able to see what their peers were doing, and share with each other the best funds they were using," said Jonathan Kempner, president of Tiger 21, based in New York City.

For advisors, the study gives insight into the investing attitudes and habits of a coveted demographic—the very wealthy. The study essentially found that wealthy investors are big fans of allocation and diversification.

Although most investors are concerned about defaults among municipal bond issuers, 28% of Tiger 21's membership chose munis as the second most popular investment strategy. More than half of those who said they held mutual funds said they had apportioned more than 20% of their investable assets to munis, according to the group.

Other findings suggest that high-net-worth investors are taking a long-term view on the markets and the economy, so they are not afraid to engage with the markets. For instance, long-short equity funds were the third most popular strategy, as 22% of respondents said they expect to buy long equities that are expected to increase in value and sell short equities that might decline.

Private equity and debt funds, multi-strategy funds and event-driven or distressed funds each came up with 19% of respondents that favored them, making them the fourth, fifth and sixth most favorites. Respondents also liked master limited partnerships (MLPs), the survey revealed. MLPs are essentially publicly traded limited partnerships that must derive 90% of their cash flows from natural resources, real estate and commodities. Indeed, 14% of the membership said real estate was a favorite investment strategy, since several members generated their wealth from that sector and still maintain significant holdings.

Global macro funds (13%) and gold-related funds (6%) were ninth and tenth, completing the list.

Although Tiger 21's members rely on each other for investment information and insight, many of them use wealth advisors, Kempner said. Independent advisors looking to pierce this inner circle of wealth might find also be interested to know who their favorite money managers are. Respondents cited Slevin Wealth Management Group of RBC Wealth Management as their favorite guide to municipal bonds. Greenlight Capital and Alkeon Capital

Management, both of New York city, were picked as favorite long-short equity fund gurus.



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